

**LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

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FISCAL IMPACT STATEMENT

LS 6365

BILL NUMBER: SB 82

NOTE PREPARED: Dec 12, 2008

BILL AMENDED:

SUBJECT: Minimum Retirement Age.

FIRST AUTHOR: Sen. Kruse

FIRST SPONSOR:

BILL STATUS: As Introduced

FUNDS AFFECTED: X GENERAL
X DEDICATED
FEDERAL

IMPACT: State & Local

Summary of Legislation: This bill eliminates the requirement that members of the Public Employees' Retirement Fund (PERF) who retire under the "rule of 85" must be at least 55 years of age.

Effective Date: July 1, 2009.

Explanation of State Expenditures: The table shows the estimated impact of this proposal.

	State	Political Subdivisions	Total
Increase in Unfunded Accrued Liability	\$8.4 M	\$8.88 M	\$17.28 M
Increase in Annual Cost	\$760,000	\$830,000	\$1.59 M
Increase in Annual Cost (as % of Pay)	0.051%	0.031%	0.037%

The funds affected are the state General Fund (55%), or \$418,000, and various dedicated funds (45%), or \$342,000. The percentage split represents the split in the state budget for personal services.

The bill is estimated to decrease funded status from 98.2% to 98.1%.

Explanation of State Revenues:

Explanation of Local Expenditures: See *Explanation of State Expenditures* above.

Explanation of Local Revenues:

State Agencies Affected: All

Local Agencies Affected: Those local units with members in the PERF.

Information Sources: Doug Todd of McCready & Keene, Inc., actuaries for PERF, 317-576-1508.

Fiscal Analyst: James Sperlik, 317-232-9866.

DEFINITIONS

Funded Status The ratio of the assets of a pension plan to its liabilities.

Unfunded Actuarial Liability -The actuarial liability, sometimes called the unfunded liability, of a retirement system at any time is the excess of its actuarial liability at that time over the value of its cash and investments.